MESSAGE

FROM THE

GOVERNOR,

ACCOMPANIED WITH THE

CORRESPONDENCE FROM THE BANKS

IN THE

CITY AND COUNTY OF PHILADELPHIA,

AND THE

HARRISBURG BANK,

RELATIVE TO THE

LOAN

Authorized by the Act of the 23rd Jan. 1840.

Read in the House of Representatives, Feb. 1, 1840.

HARRISBURG:

HOLBROOK, HENLOCK, & BRATTON, PRINTERS.

1840.

336.3
P384m

15 Doc Johnson

MESSAGE.

To the Senate and House of Representatives of the Commonwealth of Pennsylvania:

GENTLEMEN:—By the provisions of the Act approved the 23d ult., entitled "An Act to authorize a loan," the Governor is authorized to negotiate a permanent loan, for the sum of $870,000. He is also authorized to negotiate a temporary loan for the same sum, in anticipation of the said permanent loan.

As $600,000 of the sum authorized to be borrowed, is required to supply a deficit in the internal improvement fund, for the payment of interest, this day due, I directed the Secretary of the Commonwealth, immediately upon the approval of the said Act, (on the 23d ult.,) to write to the banks of the city and districts of Philadelphia, and the Harrisburg Bank, inquiring of each of them, whether they would agree to make a permanent or temporary loan to the Commonwealth, of six hundred thousand dollars, or any part thereof, upon the terms specified in the said act, the same to be placed to her credit in the Bank of Pennsylvania, on this day.

Answers have been received from all the banks. The Bank of Pennsylvania, proposes to lend on temporary loan, $100,000. Some of the others offer to take proportional parts, on certain contingencies; and several others appear to manifest a desire to meet the emergencies, but have not the ability. Copies of the correspondence upon this subject, are herewith transmitted.

It will be perceived, that not having the means so to do, the interest this day due by the Commonwealth, to her loan creditors, is unpaid: a circumstance which the Executive, anxious as he has been for maintaining unsullied the credit and faith of the Commonwealth, has been unable to avert. I cannot, too often, or too impressively, urge upon the Legislature, the paramount duty of maintaining, at all hazard, the public faith and credit. Whilst urging upon them the adoption of such wise and judicious enactments, as may prevent the recurrence of an event rendered inevitable from the revulsion growing out of the unnatural and exhausted system of credit, with which our business community has been inflated, I beg leave to recommend, as the best alternative, which now presents itself, the passage forthwith of a joint

Rhode 23 Ja '08 Commerce 57 p
P28212

resolution, authorizing the issuing of State stock for the interest falling due this day, to be delivered to the holders of the stock, for the amount due them, respectively, as an earnest of our determination to make provision, as soon as the necessary legislation can be had, to meet the exigency and redeem the credit of the Commonwealth.

I trust I may be excused in this communication, for saying to the Representatives of the people in the Legislature, that whilst they owe a duty to the wants and wishes of their immediate constituents, there is a paramount duty to the Commonwealth at large, to maintain its credit, to meet its engagements, and to prevent its character for good faith, from being sullied. No man, were he concerned alone as an individual, would go further to fix an early day for the resumption of specie payments by the banks, than I would; if, by so doing, the desirable result would be produced. But placed as I am, as the Executive of the Commonwealth, to preside over her interests, I feel bound to say, regardless of any denunciations which may be poured forth from any quarter, that I believe, if too rigorous a system of measures be adopted to coerce the payment of the liabilities of the banks, immediately, the credit of the State must and will be seriously and disastrously affected. Let an assurance be given to the public, that at a certain and fixed day, within a reasonable time, such resumption will take place, and that it will then be permanent. Let them understand, that this indulgence to their debtors, the banks, is rendered absolutely necessary by the existing pressure and the cumbrous public debt, with which the State is loaded, and no one can doubt but that, in a spirit of patriotic liberality, they will waive the immediate exercise of a positive right, for the more certain and ultimate accomplishment of what we all so much desire. I refer to the message communicated to you at the commencement of the present session, for my views in detail; and aware of the responsibility I have assumed, I leave the subject to the calm and reflecting consideration of the Legislature.

When I took upon me the duties of the station assigned me, I assumed all its responsibilities also; and having never shrunk from the performance of any duty, I have felt myself imperatively called upon to make this communication to you, in the fullest confidence and belief, that the patriotism and good sense of our common constituents, will bear us out in our honest and anxious endeavours, to extricate the State from the financial difficulties and embarrassments, encountered on entering upon the discharge of our public duties.

DAVID R. PORTER.

HARRISBURG, *February* 1, 1840.

CORRESPONDENCE.

SECRETARY'S OFFICE,
Harrisburg, January 23, 1840.

The PRESIDENT of the
BANK OF PENNSYLVANIA:

SIR:—By the provisions of an Act of the General Assembly, approved on this day, the Governor is authorized to negotiate a permanent loan for the sum of eight hundred and seventy thousand dollars, reimbursable at the expiration of twenty-five years, at a rate of interest not exceeding five per cent. per annum, payable half-yearly. He is also authorized to negotiate a temporary loan, for the same sum, in anticipation of the said permanent loan: The temporary loan to be repaid, with interest, not exceeding five per cent. per annum, out of the said permanent loan, within one year.

Of the above $870,000, the sum of six hundred thousand dollars, of legal currency of the United States, is required on the 1st day of February next, to supply a deficit in the internal improvement fund, for the payment of interest on the State debt.

The Governor has directed me to inquire, whether your bank will agree to make a permanent or temporary loan to the Commonwealth, of the said sum of six hundred thousand dollars, or any part thereof, upon the terms specified, the same to be placed to her credit on the 1st February next, at the Bank of Pennsylvania.

Be pleased to transmit an answer to the above inquiry, in time to reach this place, at all events, by the mail of Wednesday, the 29th instant.

I am yours, respectfully,

FRANCIS R. SHUNK,
Sec'y Com'th.

[A similar letter was, on the same day, sent to each of the other banks in Philadelphia, and to the Harrisburg Bank.]

BANK OF THE UNITED STATES,
January 27, 1840.

To FRANCIS R. SHUNK, Esquire,
Secretary of the Commonwealth:

SIR:—Your letter of the 23d instant, was received this morning. Its great and vital importance to the credit of the Commonwealth, has secured for it the instant attention of the bank, and the most respectful consideration of the directors. The previous intercourse of this institution with the government of Pennsylvania, conclusively proves its willingness, under all difficulties and embarrassments of the banks, and the community, to exert all its efforts, and to devote all its means to meet the wishes of the State, and to maintain unimpaired, its faith at home and abroad. The same disposition exists, and will be exerted to the extent of its power, provided existing obstacles can be removed, or sufficiently diminished, to admit of this very desirable action. To carry these views into effect, the Board of Directors of this bank have appointed a committee of three members, Messrs. J. R. Neff, George Handy, and Lawrence Lewis, to proceed immediately to the seat of government, for the purpose of endeavoring to consummate the object in view, and to confer with the State authorities, upon the best and most practicable measures for attaining the general good of the Commonwealth, by the payment of its immediate liabilities.

I have the honor to be,
Very respectfully, yours,
J. DUNLAP,
President.

BANK OF PENNSYLVANIA,
Philadelphia, Jan'y 28, 1840.

Hon. F. R. SHUNK,
Secretary of the Commonwealth,
Harrisburg:

DEAR SIR:—Your favor of 23d instant, was received yesterday and laid before our Board of Directors, at a special meeting held this morning, when after deliberate consideration, the following resolutions were adopted:

Resolved, That the Bank of Pennsylvania, will loan to the Commonwealth of Pennsylvania, one hundred thousand dollars, on account of the temporary loan required by the Act of the 23d of January, 1840.

Resolved, That the Cashier be requested to forward the above resolution to the Secretary of State, by the first mail.

I am, with great respect, yours,
J. TROTTER,
Cashier.

HARRISBURG BANK,
January 29, 1840.

FRANCIS R. SHUNK, Esq.,
Secretary of the Commonwealth:

SIR:—Your communication of the 23d instant, was received, and in answer, I am authorized to state that this institution cannot, at this time, make to the Commonwealth, either the permanent nor temporary loan, which you mention, nor any part thereof.

I am, sir,
Very respectfully,
THOS. ELDER,
President.

PHILADELPHIA BANK,
January 27th, 1840.

F. R. SHUNK, Esq.
Secretary of the Commonwealth:

SIR:—I have been favored with your letter of the 23d inst., which was not received until this morning. You inquire, under the direction of the Governor, whether this Bank will agree to make a permanent or temporary loan to the Commonwealth, for the sum of six hundred thousand dollars, or any part thereof, upon the terms specified in the Act of Assembly, passed the 23d inst.; the same to be placed to the credit of the Commonwealth, on the 1st of February next, at the Bank of Pennsylvania.

The letter referred to was submitted to the Board immediately upon its receipt, and, I am instructed by them to say, that while they feel entire willingness to aid the Commonwealth, in the present emergency, they do not see how they can do so, in the existing condition of the monetary affairs of this community. The banks here have all suspended, temporarily, specie payments, because they could not meet in coin, on demand, all their liabilities. The duty, therefore, imposed upon them by this state of things, and required by the public, is, to resume specie payments at the earliest possible day; and this only can be done by reducing their indebtedness, and, of course, calling in a portion of their loans.

It is alleged that there is an unwillingness in the citizens to submit to a continuance of the suspension of specie payments, for any great length of time, and that they are calling upon the Legislature to enforce, by law, an early resumption. Under these circumstances, it appears to the Board of Directors of this institution, to be a duty they necessarily owe to their creditors, rather to decrease than increase its liabilities, and, of course, they cannot see how, in the present aspect of affairs, although otherwise anxious to do so, they can,

with prudence or safety, take the loan, alluded to in your letter, or any part of it.

I am, with great respect,
Sir, your obedient servant,

JOHN READ,
President.

FARMERS' AND MECHANICS' BANK,
Philadelphia, January 28th, 1840.

SIR:—Your communication of the 23d instant, addressed to the President of the Bank, was received yesterday, and submitted to the Board of Directors, who instruct me to inform you of the following action thereon:

The Board of Directors of the Farmers' and Mechanics' Bank have, with the most earnest desire to meet the views of the Governor, maturely considered the inquiry contained in your letter of the 23d instant.—

Resolved, That however anxious to aid the State, by furnishing a portion of the temporary or permanent loan, the Directors regret the inability of the Bank which they represent, to take any portion of the loan, tendered by the Governor of this Commonwealth, on the terms proposed by law: *And whereas*, The Directors are willing and anxious to take a part of the loan, should the terms be so varied as to enable them to furnish their quota in the present currency: Therefore,

Resolved, That Messrs. Robert Howell and Hugh Campbell, be and are hereby appointed a committee, with full authority, to make a negotiation in behalf of this Bank.

I am, with respect,
Your most obedient servant,

W. PATTON, Jr.,
Cashier.

F. R. SHUNK, Esq.,
Secretary of the Commonwealth.

PHILADELPHIA, BANK OF NORTH AMERICA,
January 27th, 1840.

To F. R. SHUNK, Esq.,
Secretary of the Commonwealth:

DEAR SIR:—Your letter of the 23d inst., addressed to the President, came to hand this morning, and was submitted to the Board of Directors.

They have instructed me to acknowledge its receipt, and respectfully to reply, that this Bank declines presenting an offer for the loan, or any part thereof, to which your communication has invited its attention.

Yours, very respectfully,
H. HOLLINGSWORTH.

To Francis R. Shunk, Esquire,
Secretary of the Commonwealth:

Commercial Bank of Penn'a,
Jan'y 28, 1840.

Sir:—I have submitted your letter to me of the 23d, to the Board of Directors; and I am instructed by them to express their great regret, that this bank cannot, under existing circumstances, take any portion of the State loan, authorized by the recent Act of the General Assembly, upon the terms you have stated.

I have the honor be,
Very respectfully,
Your ob't servant,
JAMES DUNDAS,
President.

Bank of the Northern Liberties,
28*th Jan'y*, 1840.

F. R. Shunk, Esq.
Secretary:

I received thy communication of the 23d instant, on the 27th, and submitted it to the Board of Directors of this institution. I am instructed by them, respectfully, to decline taking any part of the proposed loans; for although there is a sincere desire felt by the Board, from inclination and duty, to yield all the aid in their power to the finances of the Commonwealth; yet, having a few months back, subscribed one sixth part of our capital, solely for that purpose, they do not apprehend they could, in justice to the community, and the stockholders, contract to advance more, under the present painful and peculiar state of monetary concerns; which reasons, I hope, will be a satisfactory apology to the intelligent mind of our present Executive.

As far as relates to a temporary loan of $15,000, held by this Bank, due 1st October, 1839, we, with pleasure, postpone the period of payment.

I am,
With great respect,
R. L. PITFIELD,
President.

HARRISBURG, 30*th Jan'y*, 1840.

SIR:—Your communication, of the 23d instant, was received by the Girard Bank, on the 27th, and was referred to the undersigned, with instructions to proceed to this place and submit its reply.

In view of the large amount of loans, heretofore made to the Commonwealth by this Bank, and still undisposed of—the state of the Bank's existing liabilities to the community, and the impending legislative action on the subject of the banking institutions generally, the undersigned do not feel themselves justified in offering, on the part of the Girard Bank, to loan any part of the sums mentioned in your letter.

We have the honor to be,
Sir,
Your most obedient servants,

J. K. KANE,
JOHN R. VOGDES,
JACOB LEX.

F. R. SHUNK, Esq.
Sec'y of the Commonwealth:

WESTERN BANK,
Philadelphia, Jan'y 29, 1840.

F. R. SHUNK, Esq.

DEAR SIR:—Your favor, of the 23d instant, came to hand on the 27th; and in reply, our Board, at its session yesterday, have authorized me to say, that in the present state of uncertainty, as to the course the Legislature may take, in requiring an early resumption by the banks, they regret it will not be in the power of this institution to take any portion of the proposed loan.

Very respectfully,
Your obedient servant,

L. M. TROUTMAN,
Cashier.

SOUTHWARK BANK,
Philadelphia, Jan'y 28, 1840.

FRANCIS R. SHUNK, Esq.
Secretary of the Commonwealth:

SIR:—Your letter of the 23d instant, in relation to loan of $870,000, authorized by Act of the General Assembly, was duly received,

and submitted to the Board of Directors of this Bank; and I am directed to inform you, that owing to the limited means of the Bank, the directors deem it inexpedient to participate in the above loan.

With much respect,
Your obedient servant,

T. SPARKS,
President.

BANK OF PENN TOWNSHIP,
Philad'a, January 28, 1840.

FRANCIS R. SHUNK, Esq.
Secretary of the Commonwealth:

SIR:—Your letter, dated the 23d instant, communicating the information that the Governor was authorized to negotiate a permanent loan for the sum of eight hundred and seventy thousand dollars, reimbursable at the expiration of twenty-five years, and also a temporary loan for the same sum, in anticipation of said permanent loan, to be repaid with interest not exceeding five per cent. per annum, out of said permanent loan within one year; and that six hundred thousand dollars of legal currency of the United States is required on the 1st February next, for the payment of interest on the State debt, has been submitted to the Board of Directors at their meeting this evening, and they have instructed me "to inform you the Bank of Penn Township, at this time, is not in a situation to justify them in making a permanent or temporary loan to the Commonwealth."

Very respectfully,
Your ob't servant,

JACOB FRICK,
Cashier.

KENSINGTON BANK, *in the*
County of Philadelphia, 28*th Jan.* 1840.

SIR:—Your communication of the 23d instant, inviting this Bank to subscribe to the whole or any part of a loan of $870,000, has been received, and submitted to the Directors, who have instructed me to say in reply, that this Bank has felt itself called upon, in the present state of the money affairs of the country, to lessen, as far as practicable, its liabilities; and is continuing to pursue that course as fast as the abilities of its customers will admit of. It therefore finds itself unable to make any loan to the Commonwealth, without, at the same time,

calling upon its private customers to repay an equal amount loaned to them, and at a shorter notice than would be deemed compatible with their abilities to meet.

I am, therefore, instructed respectfully to say, that this Bank declines taking any part of the proposed loan.

Very respectfully,
Your ob't servant,

J. WAINWRIGHT,
President.

FRANCIS R. SHUNK, Esq.
Sec'y Commonwealth.

MANUFACTURERS' AND MECHANICS' BANK,
Philadelphia, January 28, 1840.

F. R. SHUNK, Esquire,
Sec'y of the Commonwealth:

DEAR SIR:—Your communication of the 23d inst., inviting proposals for a loan to the Commonwealth, came to hand yesterday, and was laid before our Board immediately. They have instructed me to say, their willingness to accommodate the Commonwealth induces them to forego the inconvenience that any part of said loan would, at this time, subject them to, particularly if an early resumption should be forced upon us; however, the desire to co-operate with the Commonwealth to sustain its credit will induce this Board to act in connection with other Banks in giving such aid, and will, therefore, take as a temporary loan its pro rata proportion of the whole capital of the Banks of the city and county of Philadelphia.

Yours, with much respect,

JAMES HUNT,
Cashier.

MOYAMENSING BANK,
Philadelphia, 28th January, 1840.

SIR:—I had the honor to receive your letter, bearing date of 23d instant, only yesterday, and immediately assembled the Directors of this Bank, in order to decide upon the subject of the proposed loan.

The smallness of the capital of this Bank will not permit it to assist the State as much as we could desire, yet we will contribute our proportion, according to our means, with the other institutions.

and beg leave to enclose the preamble and resolutions of the Board of Directors unanimously adopted to that effect.

I remain, very respecfully,
Your most obedient servant,

J. SOLMS,
President.

F. R. SHUNK, Esq.,
Sec'y of the Com'th of Penn'a,
Harrisburg.

—

MOYAMENSING BANK,
Philadelphia, Tuesday, January 28, 1840.

At a meeting of the Board, held this day, the President laid before them a letter of the Secretary of this Commonwealth, Francis R. Shunk, Esq., dated 23d this month, inquiring whether this Bank can furnish any portion of the loan of $870,000 to the State, in legal currency of the United States, and, if so, what amount; when the following resolution was unanimously adopted, viz:

Resolved, That this Bank is willing to contribute a pro rata amount, according to its capital, with all the other banks, of the loan required, in such a manner as the larger, and other banks, may arrange with the Secretary of the State, for the payment thereof.

Resolved, That the President transmit a copy of this preamble and resolution, in answer to the letter of the Secretary.

(Extract from the minutes.)

ATTEST—H. ORNE,
Cashier.

3 0112 061605801